

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07

NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00

DODE-00 H-01 NSC-05 /065 W

-----110436Z 119373 /13

R 101643Z MAY 77

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 7292

INFO COMICEDEFOR

CINCLANT

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION NATO

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E.O. 11652: N/A

TAGS: PFOR, MARR, IC, US, NATO

SUBJECT: PRIME MINISTER DISCUSSES DEFENSE/ECONOMIC TIES WITH U.S.

1. IN SOMEWHAT GUARDED DISCUSSION OF DEFENSE ISSUE IN HIS MAY 6 SPEECH TO INDEPENDENCE PARTY NATIONAL CONVENTION, PRIME MINISTER GEIR HALLGRIMSSON STRESSED THAT SECURITY -- NOT FINANCIAL -- CONSIDERATIONS DICTATED PRESENCE HERE OF US-MANNED DEFENSE FORCE. AT SAME TIME, HALLGRIMSSON NOTED THAT ICELAND'S DEFENSE RELATIONSHIP WITH U.S. HAS HELPED TO EXPAND THE COMMERCIAL TIES BETWEEN TWO COUNTRIES WHICH ARE OF GREAT IMPORTANCE TO ICELAND.

2. PRIME MINISTER SAID: "IN ALL DEMOCRATIC NATIONS, THERE IS CONSTANT DEBATE OVER HOW MUCH OF THE NATIONAL INCOME SHOULD BE DEVOTED TO MILITARY EXPENDITURES FOR INSURING INDEPENDENCE AND SECURITY.... WE ICELANDERS HAVE NEVER HAD TO IMPOSE ANY FINANCIAL OBLIGATIONS ON OURSELVES FOR MILITARY PURPOSES. BECAUSE OF OUR SPECIAL SITUATION, WE HAVE ESTABLISHED THE PRINCIPLE OF NEITHER BEARING THE COST OF THE DEFENSE FORCE NOR OF TAKING PAYMENT FROM IT EXCEPT FOR SERVICES RENDERED. THE PREMISE FOR THIS RULE IS THAT THE DEFENSE FORCE IS HERE BECAUSE OF OUR SECURITY AND OUR PARTICIPATION IN THE DEFENSE SYSTEM OF NORTH ATLANTIC NATIONS WHICH HAVE JOINT SECURITY

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INTERESTS TO SAFEGUARD. THE INDEPENDENCE PARTY HAS ALWAYS STRONGLY EMPHASIZED THAT OUR POSITION TOWARD THE DEFENSE FORCE WAS SHAPED BY SECURITY INTERESTS, NOT FINANCIAL CONSIDERATIONS. THE DEFENSE FORCE SHOULD NOT REMAIN HERE ONE DAY LONGER THAN OUR SECURITY AND THAT OF FRIENDLY NEIGHBORING STATES DEMAND. UNFORTUNATELY, MILITARY DEVELOPMENTS IN THE NORTH ATLANTIC, AS A RESULT OF THE EXPANSION OF THE SOVIET FLEET, HAVE INCREASED THE STRATEGIC IMPORTANCE OF ICELAND."

3. "ON OTHER HAND," PRIME MINISTER CONTINUED, "IT SHOULD BE NOTED THAT THE CLOSE RELATIONSHIP WHICH HAS BEEN CREATED BETWEEN ICELAND AND THE U.S. -- BECAUSE OF THE DEFENSE FORCE PRESENCE AMONG OTHER THINGS -- HAS STRENGTHENED THE FRIENDLY TIES BETWEEN OUR COUNTRIES AND CONTRIBUTED TO INCREASED TRADE BETWEEN THEM." PRIME MINISTER WENT ON TO CITE STATISTICAL DATA SHOWING IMPORTANCE TO ICELAND OF TRADE WITH U.S. BUT ADDED, "WE ARE NOT SUBSERVIENT TO THE U.S. IN THE SHAPING OF OUR FOREIGN POLICY; WE DO NOT HAVE TO MINCE WORDS WHEN WE SEE REASON TO CRITICIZE (US) POLICY OR GOVERNMENT."

4. COMMENT: PRIME MINISTER SEEMS TO HAVE BEEN DIRECTING HIS REMARKS ON DEFENSE AT THOSE ICELANDERS-- MANY OF WHOM ARE IN IP -- WHO HAVE CLAIMED IN WAKE OF LATEST COD WAR THAT ICELAND SHOULD RECEIVE DIRECT FINANCIAL COMPENSATION FOR PRESENCE OF U.S. FORCES. LIMITED OFFICIAL USE

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BY COMBINING TRADITIONAL IP INSISTENCE THAT IDF IS HERE IN ICELAND'S SECURITY INTEREST WITH EVIDENCE OF INDIRECT MATERIAL BENEFITS DERIVING FROM DEFENSE RELATIONS, PRIMEMIN MAY HAVE PREVIEWED LINE HE WILL TAKE ON COMPENSATION ISSUE DURING COMING ELECTORAL CAMPAIGN. HALLGRIMSSON'S GRATUITOUS DECLARATION OF INDEPENDENCE AT END OF HIS REMARKS ON RELATIONS WITH U.S. IS PROBABLY NOTHING MORE THAN HEDGE AGAINST EXPECTED CRITICISM FROM PEOPLES ALLIANCE AND OTHERS WHO WILL CLAIM THAT PRIME MINISTER AT CONVENTION ONCE AGAIN DEMONSTRATED HIS AND PARTY'S SERVILITY TO U.S. IN SUM, HIS REMARKS WERE CONSISTENT WITH PUBLIC STANCE HE HAS ALWAYS TAKEN RE IMPORTANCE OF IDF TO ICELAND. THEY SHOULD NOT RPT NOT BE REGARDED AS INDICATION THAT HE IS COMPLETELY SATISFIED WITH USG IN TURN RECOGNIZES ICELAND'S CONTRIBUTION TO U.S. AND NATO SECURITY.

5. FURTHER REPORT ON THIS AND OTHER ASPECTS OF IP

CONVENTION TO FOLLOW.

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## Message Attributes

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**Channel Indicators:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009